



Calling All Cash!

*-J. Kevin Meaders, J.D. *, CFP®, ChFC, CLU*

March 2020 – I trust this finds you and yours well. Obviously, as expected, things have gotten worse. The virus continues to spread, and the markets continue to sell off. I expect that conditions will worsen still before the extremes are reached--both with the virus and the markets.

But this letter is not about things getting worse. Indeed, quite the opposite. I am here to tell you that this current crisis will eventually abate. And the markets, too, will eventually recover.

Obviously, the paramount importance right now is your health and that of your family, and I have no doubt that you are taking all the necessary precautions there, to which I could add nothing anyway. Thus, I am limiting this discussion to the markets.

Over the last eighteen months or so, I have met with scores of people who still had money sitting in cash from the last crisis, in 2008. They missed the entire rally from 2008 to 2019, and they were coming to me to invest at long last.

In every instance, we recommended extreme caution and encouraged people to remain in cash until a better opportunity came along--for surely it would.

Well, that opportunity is not here right yet--but it's really close.

The time is NOW to bring the cash out of the shadows and get it locked and loaded for WHEN opportunities present themselves--for the longer term.

This is a terrible virus, yes. Many people are dying, yes. Corporate earnings (most) will be terribly affected, yes. It may take a year or more to recover, yes.

BUT--the world is not ending, AND we will survive this, AND the economy will eventually get back to normal. (Just don't ask me when.)

Ironically, as terrible as this current pandemic is, it may be the global wakeup call that we've been needing. If this virus had the killing capability of the bubonic plague, for instance, our intensely integrated world would lose billions of inhabitants. Can you imagine that?

My fervent hope is that this epidemic will strengthen our defensive mechanisms worldwide, especially with early detection and international cooperation. Despite all our nominal

One, we need to see some sign that the virus crisis is at least abating in some areas. Many are pointing to the South Korean response as a model.

And two, we need to better understand how the crisis has affected the supply chain, the demand chain, and foreseeable corporate earnings. I think it is reasonable to assume that corporate earnings will *eventually* return to their pre-crisis level.

This big question is this: is the news worse than the reality, or the reality worse than the news?

In other words, will the fallout of the economic effects be worse than the fears that are currently driving prices down?

In either event, the markets will not go to zero, and this will eventually all be a bad memory. One, hopefully, that we all can learn from.

Most of our clients are between 30-50% more conservative than their risk tolerance indicated in anticipation of a major selloff. Soon will be the time to reverse our position.

Remember, if you're sitting on more cash than you should, there are rarely opportunities as good as this! Email me at kevin@magellanplanning.com to set up a call or a web meeting.

As always, we encourage you to contact us with any cares or concerns.

Very Truly Yours,

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About J. Kevin Meaders

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Kevin Meaders graduated from Oglethorpe University in Atlanta with a double B.A. in Philosophy and Political Science, and then obtained a law degree from Georgia State University College of Law, focusing on estate planning and trust law. He has earned the designations of Certified Financial Planner (CFP®), Chartered Financial Consultant (ChFC) and Chartered Life Underwriter (CLU). He holds a General Securities Principal and Registered Representative registration and Investment Advisor Representative registration through Voya Financial Advisors (member SIPC).

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Estate planning with our in-house Attorney-at-Law to determine and prepare the documents needed to minimize family liability and maximize privacy. (www.magellanlegal.com)

Tax planning through a relationship with our in-house CPA to manage tax obligations throughout the year and prepare a tax return that takes into account current tax laws. (www.magellantax.com)

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